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SENSITIVE

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SUBJECT: SRI LANKA AND MALDIVES TSUNAMI RELIEF AND
RECONSTRUCTION UPDATE (MARCH 16)

REF: A. COLOMBO 497

[B](#). COLOMBO 512

This telegram is to update for Tsunami IAWG Meeting.

[1](#)1. (SBU) Summary: While challenges remain, there has been some positive momentum in the transition from relief to rebuilding this week. The Ambassador met with the Prime Minister on March 14 and will meet the President on March 17 to discuss GSL policies and initiatives on tsunami relief and reconstruction. Provision of temporary shelter is moving ahead, with land allocation and import clearance procedures causing some headaches. There has been some progress on transparency, through increased public outreach by the GSL and pressure brought by the citizenry (including a legal case brought by a prominent Sri Lankan against the GSL). An assessment by the donor working group (which includes USAID) has indicated that all areas of the country have moved from relief to rebuilding, but that coordination remains the key challenge. Clearance of relief and reconstruction-related imports remains a challenge, and has become more high profile in recent days. GSL Customs and the Navy are working to coordinate a faster clearance process. Tensions are rising in the East, where there is a popular perception of unequal aid distribution among ethnic groups. While post hopes a more positive trend will develop, we believe the process will continue to vary day-to-day, until a better coordination mechanism is developed. End Summary.

Senior-level Engagement

[1](#)2. (SBU) Ambassador met with Prime Minister Mahinda Rajapakse on March 14 regarding problems with relief and rebuilding assistance. As described in Ref A, Ambassador raised concerns about a lack of coordination among GSL, donors and NGOs, concerns about the temporary shelter program and the slow clearance of land, and the controversial 100/200 meter coastal exclusion zone, which could be the eventual cause of serious disparity and displacement of affected persons. Rajapakse acknowledged the problem and urged the Ambassador to raise them with President Kumaratunga. Ambassador is meeting the President tomorrow to discuss the same issues.

Shelter

[1](#)3. (SBU) While challenges remain, there appears to be some semblance of organization creeping into the temporary housing sector. A new administrative structure, the Transitional Accommodation Project (TAP) under the Task Force for Relief (TAFOR) has been established to coordinate shelter issues. Under the TAP framework, the GSL is committing to have, through its NGO partners, 10,000 shelters constructed by April 10 and 30,000 finished by May 31. (When queried about whether this number was sufficient to meet the entire need, the TAFOR Coordinator suggested it was "about the right amount.")

[1](#)4. (SBU) Land acquisition, import clearance issues and sorting out allocations given to unfunded groups that have promised to build houses, but now cannot deliver, remain problematic. Nonetheless, USAID contractors report they are able to begin work on land they have been given, while waiting for final approvals for other tracts.

[1](#)5. (SBU) The land acquisition effort appears to be a double-edged sword for the Government, which must balance enforcement of the 100m/200m coastal exclusion zones with efforts to find new land close to the previous dwellings. On the one hand, the GSL's desire to keep communities as intact as possible is laudable, and a stated goal of the IFI assessments. On the other, the longer the delay in identifying appropriate land, the closer the rainy season

looms-and with it, the potential for even greater problems for communities that are not yet in transitional shelter.

16. (SBU) The acting-UNHCR Rep told the Ambassador last week that things were going "as well as can be expected" and that progress was being made on the housing and temporary shelter front.

Transparency Initiatives

17. (U) There have been recent newspaper advertisements, placed by the Task Force for Rebuilding the Nation (TAFREN) and relevant line ministries, highlighting agreements with donors and NGOs in various sectors. Over the weekend several full-page ads published the names of NGOs and their partner GSL agencies working on relief and rehabilitation efforts in the health sector, and on March 16, there was a full page advertisement listing the NGOs with which the Government had signed MOUs for rebuilding houses, the number of houses each group would take, and guidelines for donors interested to join the housing reconstruction effort.

18. (SBU) A lawsuit asking that the Government publish a list of all the donors to GSL trust funds and an accounting of how those funds are allocated was brought against the Government by Ceylinco Chairman Lalith Kotelawela, a well-respected businessman who heads the largest insurance conglomerate in Sri Lanka. The Appeals Court upheld the suit and the GSL is required to respond by March 24. Kotelawela told Econchief that he was not seeking damages, but merely wanted to do something to force the Government to be more transparent in its accounting. He said the suit was prompted by Ceylinco's efforts to rebuild schools in a certain area, only to be told that their offer of assistance was not "high enough" and that another NGO had offered several times as much, despite the fact that the rebuilding estimates were considerably less. "Where do you think that extra money will go?" Kotelawela queried with a grin.

Donor Assessments

19. (U) Bilateral verification missions, undertaken by the bilateral donor working group - which consists of representatives of various donor governments, including USAID - produced an assessment of the situation on the ground in the hardest-hit portions of the country: Jaffna, Mullaitivu, Kilinochchi, Trincomalee, Batticaloa, Ampara, Hambantota, Matara and Galle. In general, the report indicates that:

--the immediate relief phase is over in all districts;

--there are questions about the equity of aid distribution;

--shelter, permanent housing and livelihoods were the most critical need;

--the South is ahead of the North and East in rehabilitation and reconstruction;

--livelihood focus has been on fisheries, with other less common forms of livelihood largely neglected;

--there is duplication and a lack of coordination on the part of Government agencies, thereby making it difficult for donors and NGOs to understand the Government's reconstruction plan and participate effectively.

Duty on Relief and Reconstruction Materials

10. (SBU) There continue to be delays at the Colombo port to clear materials for relief and rehabilitation work. In response to the Ambassador's recent letter of concern to the Foreign Minister, there were several immediate outcomes:

--The Finance Secretary responded noting that relief items would not be charged duty, and that some items had been incorrectly sent (by consignees) through "normal" commercial channels, thereby incurring duty. He also indicated customs would refund any duties incorrectly assessed. (Note: it is proving very difficult to find anyone in the Finance Ministry who is aware of a mechanism for "refunding" duties. End Note)

--The Government accused the Tamil Rehabilitation Organization (TRO - the LTTE's relief organization) of purposely pushing relief items through commercial channels, in order to incur duty and embarrass the GSL.

The GSL claimed that "only" a small duty had been charged on a high-profile case involving water purifiers donated by a Baltimore church, and that the shipping agent had presented fraudulent documents to the TRO for over \$6,000 in duties, when less than \$3000 had been assessed. (Note: the GSL is splitting hairs, while the authorities will look into the case of the overcharge, the GSL still assessed almost \$3,000 in duty on legitimate relief items coming from a US source. End note).

¶11. (SBU) In the past week there has been a significant increase in concern among shippers and importers about the slow pace at which container cargo is being cleared into the country. Customs has blamed the Navy, which had been given emergency authority to check relief cargo and vice versa. As of March 15, Customs and Navy were exploring a joint clearance mechanism to speed clearance and there were reports on March 16 that the Navy would withdraw from the inspection process, but would have the authority to inspect any suspect containers that arrive. (Note: The GSL is concerned about the LTTE smuggling items into the country via relief cargo, but the Sri Lanka Port Authority (SLPA) is adamant that the port not become "militarized." Early in the process the GSL had requested the CSI-related loaner equipment from US Customs in order to facilitate this in-bound clearance process. US Customs has identified a scanner, but now the GSL says the MOU for the loan has to go to cabinet. Nonetheless, Sri Lankan Customs still has several projects that must be completed before the equipment could be installed and operated. The procurement of new scanning equipment for the port, including portable scanners is underway, but will not likely be completed before the end of the year. End Note.)

Protests in North and East

¶12. (U) There have been reports of increased agitation over slow progress on reconstruction. While these remain somewhat isolated incidents, there is concern that continued delays will exacerbate tensions. The following events have been reported:

March 8 - Ampara: Internally Displaced Persons (IDPS) pitched tents across a main road to protest delays in providing temporary and permanent shelter.

March 12 - Trincomalee: IDPs blocked roads in the main town, demanding they be moved from tents to temporary housing. According to the pro-LTTE website TamilNet, the protest was sparked by the March 11 death, reportedly from heat stroke, of an elderly IDP living in a tent.

March 12 - present, Trincomalee: A Buddhist monk is staging a public fast to protest slow delivery of tsunami aid.

March 13 - Batticaloa: Angry mob attacked the Divisional Secretary's office after discovering tsunami aid

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(apparently food items) buried on the premises. Police used tear gas to disperse crowds.

¶13. (U) Discussions with aid workers in the East indicate that tempers are rising due to the perception that assistance is getting through to Singhalese areas, but not Tamil and Muslim dominated ones. Some of these tensions may be exacerbated by certain follies, such as a recent TamilNet accusation that none of the 44 relief coordinators hired by TAFOR to work in the primarily Tamil-speaking East are Tamil-speakers. TAFOR has acknowledged the problem and claims to be seeking Tamil-speakers to fill the positions.

Maldives

¶14. (U) Maldives continues to move forward impressively with reconstruction. Maldives will participate in a donor meeting this week in Manila, on the margins of an ADB sponsored Tsunami meeting.

¶15. (SBU) We understand there continues to be discussion over the best way to provide USG assistance to Maldives. The GORM has been very well organized and efficient in its coordination of the tsunami response and relief and reconstruction efforts. The GORM has established a trust fund, with a well coordinated disbursement mechanism and transparent allocation process, which Post believes would be the best channel for USG assistance. We understand US representatives in Manila will attend the Maldives conference. We strongly suggest a meeting be arranged with Maldives Finance Ministry Executive Director Riluwan Shareef for additional information and a full accounting

of the trust fund mechanism.

Comment

116. (SBU) We note that the situation on the ground in Sri Lanka appears to be moving in a more positive direction than previously reported (Ref b). While we hope this will be a trend, we think we are in for a bit of a tsunami seesaw of up and down periods with regard to the

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coordination effort, which will necessitate constant intervention and bird-dogging by us. We will report on the Ambassador's meeting with the President septel. To move in a consistently positive direction will require further refinement of GSL policies and procedures. Better enforcement and dissemination of GSL decisions will minimize the need for ad hoc decisions by NGOs and donors due to a lack of information and guidance from the GSL's coordination mechanisms. End Comment.

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